

**Middle Kuskokwim Electric Cooperative, Inc.
Cost of Power (COPA) /Small Facility Power Purchase Rate (SFPPR)/
Power Cost Equalization (PCE)
Memorandum**

Date: **May 7, 2020**

Middle Kuskokwim Electric Cooperative, Inc.	Utility File No. TA155-343	Date Filed: April 15, 2020
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FILING SUMMARY			
Statutory Deadline: June 1, 2020	Tariff Sheets recommended for approval: Tariff Sheet No. 21.3 Tariff Sheet No. 23	Filed on April 15, 2020 Filed on April 15, 2020	Staff Recommended Effective Date: May 31, 2020
Side-by-side Tariff Sheets attached as Appendix 4			

Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)
TA154-343 2/28/2020	\$0.3613	\$0.3785	\$0.0172

Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)
TA154-343 2/28/2020	\$0.3568	\$0.3973	\$0.0405

Prior Commission Determination TA Number and Effective Date	Prior Commission Determination (\$/kWh)	Staff Recommended Determination (\$/kWh)	Change (\$/kWh)
TA154-343 2/1/2020	\$0.7686	\$0.7686	\$0.0000

Signed: Steven Jones Utility Tariff Analyst

Steven Jones

Reasons for the above recommendation: See Attached Memorandum

	Date, if different from May 7, 2020	I CONCUR	I DO NOT CONCUR	I WILL WRITE A DISSENTING STATEMENT*
Pickett		RMP		
McAlpine		SM		
Scott		AGS		
Sullivan		DS		
Wilson		JW		

Special Instructions to Staff:

* If this column is initialed, Staff will contact the Commissioner for the statement. Otherwise, dissent will be noted at the close of the By Direction Letter or Order.

To: Robert M. Pickett, Chairman
Stephen McAlpine
Antony Scott
Daniel A. Sullivan
Janis W. Wilson

Date: May 7, 2020

File: TA155-343

Utility: MKEC

From: Steven Jones

Subject: COPA and SFPPR

COPA Comments:

Staff reviewed this tariff filing to ensure compliance with applicable regulations (3 AAC 48.200-3 AAC 48.430). Staff also reviewed proposed tariff sheets to ensure the stated text is easily understood, and the tariff provisions clearly and comprehensively describe and address the situation to which the tariff provision applies. Proposed revisions to the COPA surcharge are reviewed under 3 AAC 52.504, which requires information supporting entries in the balancing account for the historical period, and support for projections for the future period.

Staff Notes:

The estimated fuel costs increased from \$78,880.74 to \$71,710.06. The balancing account balance decreased from \$975.19 to (\$3,395.07.) The estimated sales decreased from 221,049 kWh to 180,490 kWh. The decrease in the balancing account balance places downward pressure on the COPA surcharge; this is offset by the upward pressure from the increase in estimated fuel costs and the decrease in estimated sales. The overall effect is an increase in MKEC's COPA surcharge from \$0.3613/kWh to \$0.3785/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 21.3, filed April 15, 2020, by Middle Kuskokwim Electric Cooperative, Inc. with TA155-343. The effective date of the tariff sheet should be May 31, 2020.

SFPPR Comments:

MKEC's tariff provides that the rate at which power will be purchased from qualifying facilities with a nameplate capacity of 100kW or less is determined from the sum of fuel gallons consumed for the same period used by the utility to project costs and sales in its COPA, updated by subsequent fuel costs, and divided by the number of kWhs sold for the same time period.

Staff Notes:

MKEC proposes an SFPPR of \$0.3973/kWh, which is an increase of \$0.0405/kWh from the previously approved SFPPR of \$0.3568/kWh.

Staff Recommendation:

The Commission should approve Tariff Sheet No. 23, filed April 15, 2020, by Middle Kuskokwim Electric Cooperative, Inc. with TA155-343. The effective date of the tariff sheet should be May 31, 2020.

PCE Comments:

Proposed adjustments to PCE amounts are evaluated under 3 AAC 52.600-690. Each participating regulated electric utility is required to submit revised PCE amounts in conjunction with COPA surcharge adjustments. The utility must provide information supporting the request for the PCE amount revision. Adjustments will be made to the PCE amounts if the utility does not achieve the generation efficiency and line loss standards set out in 3 AAC 52.620. If a utility fails to meet the generation efficiency standards (kWh/gallon), Staff will impute the number of gallons that should have been consumed. Because 3 AAC 52.610(f) provides no guidance on the method of imputing the number of gallons that should have been consumed, Staff uses the method prescribed for non-regulated utilities in 3 AAC 52.610(g)(1)(B). Staff reviews the line loss for each reported month to determine if the 12% line loss standard has been met; if it has not, Staff reviews the annual line loss. If Staff determines that both the monthly and annual line loss standards have not been met Staff will impute the number of kWh that should have been sold. The resulting imputed sales and/or generation is then used to calculate an adjusted balancing account balance which is used in determining the total fuel power costs used in the calculation of the PCE amounts.

Staff Notes:

Staff notes that MKEC met the line loss standard for January through March 2020. Staff notes that MKEC met generation efficiency for January 2020, but not for February and March 2020. In order to achieve the 10.5 kWh/gallon efficiency standard, Staff decreased the number of gallons consumed by 202 for February and 301 in March. The adjustment caused the balancing account balance to decrease from (\$3,395.10) to (\$10,393.40). This adjustment had no effect on the PCE level which remained at \$0.7686.

Staff Recommendation:

Staff is not making any recommendations because the PCE level did not change.

Additional Comments:

With TA155-343, MKEC has requested an effective date of May 31, 2020, for their COPA and SFPPR tariff sheets, to align with their billing process. MKEC did not file new PCE tariff sheets with TA155-343. Staff notes MKEC did not request a waiver of the statutory timeline. 3AAC 52.504(b) provides that an electric utility may implement a COPA filing that does not include a new methodology or new cost element immediately upon filing with the Commission. The COPA filing is subject to subsequent review, adjustment, and approval by the Commission. As MKEC has not requested a change to its PCE, Staff believes that no waiver of the timeline is necessary. Therefore, Staff recommends the approval of the effective date of May 31, 2020, for TA155-343.

Signature: 
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Signature: 
Stephen McAlpine (May 7, 2020)
Email: stephen.mcalpine@alaska.gov

Signature: 
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Signature: 
Dan Sullivan (May 7, 2020)
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MKEC
Calculation and Comparison of 500 kWh Bill
TA155-343

Customer Bills	Prior Determination	Updated Determination	Change
Surcharge (\$/kWh)	\$0.3613	\$0.3785	\$0.0172
PCE (\$/kWh)	\$0.7686	\$0.7686	\$0.0000
500 kWh Customer Bill			
Energy @ \$0.85800/kWh	\$429.00	\$429.00	\$0.00
Customer Charge	\$28.05	\$28.05	\$0.00
Regulatory Cost Charge @ \$0.000593/kWh	\$0.30	\$0.30	\$0.00
Surcharge Amount (\$)	\$180.65	\$189.25	\$8.60
PCE Credit Amount (\$)	(\$384.30)	(\$384.30)	\$0.00
Total Customer Bill (\$)	\$253.70	\$262.30	\$8.60

MKEC
Cost of Power Adjustment
TA155-343

Calculation of Cost of Power Adjustment			
Line	Description	Prior Determination (\$/kWh)	Updated Determination (\$/kWh)
A	Estimated Per Unit Fuel Cost	\$ 3.2594	\$ 3.2594
B	Estimated Fuel Consumption (gal)	24,201	22,001
C	Estimated Per Unit Power Cost	-	-
D	Estimated Power Consumption	-	-
E	Total Estimated Fuel and Power Costs ((A*B)+(C*D))	\$ 78,880.74	\$ 71,710.06
F	Balancing Account Balance	\$ 975.19	\$ (3,395.07)
G	Total (E+F)	\$ 79,855.93	\$ 68,314.99
H	Estimated Retail Sales (kWh)	221,049	180,490
I	Projected Cost of Power (G/H)	\$ 0.3613	\$ 0.3785
J	Base Cost of Power	\$ -	\$ -
K	Cost of Power Adjustment Amount (I-K)	\$ 0.3613	\$ 0.3785

Comments	

Actual Costs			
	Prior Determination	Updated Determination	Change
Per Unit Fuel Cost	\$ 3.2594	\$ 3.2594	\$ -
Total Fuel Cost	\$ 78,880.74	\$ 93,717.17	\$ 14,836.43
Balancing Account	\$ 975.19	\$ (3,395.07)	\$ (4,370.26)

Actual Revenues			
	Prior Determination	Updated Determination	Change
Sales	211,555	266,429	54,874
COPA Surcharge Revenues	\$ 81,874.52	\$ 98,087.78	16,213.26
Base Cost Revenues	\$ -	\$ -	\$ -

MKEC
POWER COST EQUALIZATION
Memorandum
TA155-343

Calculation of Power Cost Equalization				
Line	Description		Prior Commission Determination (\$/kWh)	Updated Commission Determination (\$/kWh)
A	Non-Fuel Power Costs	\$	0.8613	\$ 0.8613
B	Fuel Power Costs	\$	0.3514	\$ 0.3397
C	Total Power Costs	\$	1.2127	\$ 1.2010
D	Total Costs Less \$0.1910/kWh	\$	1.0217	\$ 1.0100
E	95% of Total Power Costs	\$	0.9706	\$ 0.9595
F	Statutory Maximum [(1-0.1910)*0.95]	\$	0.7686	\$ 0.7686
G	Lesser of E or F	\$	0.7686	\$ 0.7686
H	Customer Class Rate Small Power Customers	\$	1.0654	\$ 1.0634
I	Power Cost Equalization - Lesser of G or H Small Power Customers	\$	0.7686	\$ 0.7686
J	Power Cost Equalization - After Reduction Small Power Customers	\$	100% 0.7686	100% 0.7686

Amendment to Allowable Costs		
Line	Description	Amount
1	NON-FUEL COSTS - U-15-122(10)	
2	Allowable Non-Fuel Cost	\$ 687,727
3	Twelve Month Total kWh Sales	\$ 799,039
4	Regulatory Cost Charge	\$ 0.000593
5	Total Non-Fuel Power Costs	0.8613
6	FUEL COSTS	
7	Current Fuel Price	\$ 3.2594
8	Estimated Fuel Consumption (gallons)	22,001
9	Estimated kWh Sales (kWh)	180,490
10	Imputed Balancing Account Balance	(10,393)
11	Total Fuel Power Costs	0.3397
Surcharge Calculation		
Line	Description	Amount
1	Total Estimated Fuel Power Costs	71,710
2	Imputed Balancing Account Balance	(\$10,393.40)
3	Total	61,317
4	Estimated Retail Sales	180,490
5	Projected Cost of Power	0.3397
6	Base Cost of Power	-
7	Surcharge	\$ 0.3397

Calculation of Average Customer Class Rate per kWh									
Line	kWh (by Block)	Rate (\$/kWh)	Customer Charge	Imputed COPA		Total Rate (\$/kWh)	Total (\$)	Average Rate (\$/kWh)	Average Rate Less \$0.191/kWh (\$/kWh)
				Surcharge (\$/kWh)	RCC (\$/kWh)				
1	Small Power Customers	0.8580	28.05	0.3397	0.000593	1.1983	627.20	1.2544	1.0634

RCA No. 34387th Revision
Canceling
86th RevisionSheet No. 21.3Sheet No. 21.3**RECEIVED**

FEB 10 2020

STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

E. COST OF POWER ADJUSTMENT DETERMINATION1. Estimated costs for three months beginning January 2020

Source	Estimated Quantity	Estimated Unit Cost	Total	
Diesel	24,201	3.2594	\$78,880.74	(I)
Fuel Transportation			0	
Purchased Power			0	
TOTAL			\$78,880.74	

2. Balance in Cost of Power Balancing

Account as of December 31, 2019 \$975.193. TOTAL (1 + 2) \$79,855.93

4. Estimated retail sales for the 3 months of

January 2020 through March 2020 221,049 KWH5. Projected cost of power (3 / 4) \$.3613 KWH6. Base cost of power \$0.0 / KWH7. Cost of power adjustment amount \$.3613/ KWH (R)

Tariff Advice No. 154-343

Effective: February 28, 2020

Issued by: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

By:


Rhone J. Baumgartner

Title: General Manager

RCA No. 34388th Revision
Canceling
87th RevisionSheet No. 21.3Sheet No. 21.3

MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

E. COST OF POWER ADJUSTMENT DETERMINATION1. Estimated costs for three months beginning April 2020

Source	Estimated Quantity	Estimated Unit Cost	Total	
Diesel	22,001	3.2594	\$71,710.06	(R)
Fuel Transportation			0	
Purchased Power			0	
TOTAL			\$71,710.06	

2. Balance in Cost of Power Balancing

Account as of March 31, 2020 -\$3,395.073. TOTAL (1 + 2) \$68,314.99

4. Estimated retail sales for the 3 months of

April 2020 through June 2020 180,490 KWH5. Projected cost of power (3 / 4) \$.3785 KWH6. Base cost of power \$0.0 / KWH7. Cost of power adjustment amount \$.3785/ KWH (I)

Tariff Advice No. 155-343

Effective: May 31, 2020

Issued by: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

By:


Rhone J. Baumgartner

Title: General Manager

RCA No. 343 25th Revised Sheet No. 23Canceled24th RevisedSheet No. 23**RECEIVED****FEB 11 2020**STATE OF ALASKA
REGULATORY COMMISSION OF ALASKA

MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

SMALL FACILITY POWER PURCHASE RATE

This tariff is applicable to the purchase of energy from a Qualifying Facility. A qualifying facility is a co-generation facility or a small power production facility which meets the criteria prescribed by Part 292, Subpart B of the Federal Energy Regulatory Commission Regulations 18 CFR 292.101(b)(1), as effective April 1, 2015, including size, fuel use, ownership, and efficiency standards.

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the number of gallons of diesel consumed in the historical period used in the Cost of Power Adjustment calculation, updated to reflect the current price of the Utility's fuel inventory, divided by the number of kWh sold in the historical period used in the Cost of Power Adjustment calculation.

A. Number of gallons consumed (historical period)		24,201 gallons	
B. Current Fuel Price		<u>\$3.2594/gallon</u>	
C. Total Fuel Costs	A x B	\$78,880.74	I
D. kWh sold (historical period)		<u>221,049kWh</u>	
E. Small Facility Power Purchase Rate	C / D	35.68 ¢/kWh	R

Tariff Advice TA154-343Effective: February 28, 2020Issued By: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.By: 

Rhone J. Baumgartner

Title: General ManagerRCA No. 34326th RevisedSheet No. 23Canceled25th RevisedSheet No. 23

MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.

SMALL FACILITY POWER PURCHASE RATE

This tariff is applicable to the purchase of energy from a Qualifying Facility. A qualifying facility is a co-generation facility or a small power production facility which meets the criteria prescribed by Part 292, Subpart B of the Federal Energy Regulatory Commission Regulations 18 CFR 292.101(b)(1), as effective April 1, 2015, including size, fuel use, ownership, and efficiency standards.

The rate at which the Utility will purchase energy from Qualifying Facilities with a design capacity of 100 kW or less is calculated based upon the number of gallons of diesel consumed in the historical period used in the Cost of Power Adjustment calculation, updated to reflect the current price of the Utility's fuel inventory, divided by the number of kWh sold in the historical period used in the Cost of Power Adjustment calculation.

A. Number of gallons consumed (historical period)		22,001 gallons	
B. Current Fuel Price		<u>\$3.2594/gallon</u>	
C. Total Fuel Costs	A x B	\$71,710.06	R
D. kWh sold (historical period)		<u>180,490kWh</u>	
E. Small Facility Power Purchase Rate	C / D	39.73¢/kWh	I

Tariff Advice TA155-343Effective: May 31, 2020Issued By: MIDDLE KUSKOKWIM ELECTRIC COOPERATIVE, INC.By: 

Rhone J. Baumgartner

Title: General Manager